

**MONTHLY OPERATING REPORT FOR
CORPORATE OR PARTNERSHIP DEBTOR
(Including LLCs and LLPs)**

Case No. 18-31646Debtor Karamanos Holdings, Inc.Report Month/Year September 2018

Instructions: The debtor's monthly financial report shall include this cover sheet signed by the debtor and all UST forms and supporting documents. Exceptions, if allowed, are noted in the checklist below. Failure to comply with the reporting requirements of Local Bankruptcy Rule 2015-1(b) and 2015-2, or the U.S. Trustee's reporting requirements, is cause for conversion or dismissal of the case.

| The debtor submits the following with this monthly financial report: | | Completed | Not Applicable |
|--|---|-------------------------------------|-------------------------------------|
| UST-11 | Comparative Income Statement or debtor's income statement (must include all line items specified on UST-11). | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| UST-12 | Comparative Balance Sheet or debtor's balance sheet (must include all line items specified on UST-12. The debtor's balance sheet, if used, shall include a breakdown of pre- and post-petition liabilities. The breakdown may be provided as a separate attachment to the debtor's balance sheet. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| UST-13 | Comparative Cash Flow Statement or debtor's cash flow statement (must include all line items specified on UST-13). Complete this statement if the debtor is reporting based on the accrual basis of accounting. This is the required method, unless other arrangements have been made with the U.S. Trustee. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| UST-14 | Summary of Disbursements | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| UST-14A | Statement of Cash Receipts and Disbursements Complete one or more to include all bank accounts or other sources of debtor funds. Attach copies of monthly bank statements and all supporting documents described in the instructions. | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| UST-14B | Additional Disbursement Information | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| UST-15 | Statement of Aged Receivables Provide a detailed accounting of aged receivables on, or as an attachment to, UST-15. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| UST-16 | Statement of Aged Post-Petition Payables Provide a detailed accounting of aged post-petition payables on, or as an attachment to, UST-16. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| UST-17 | Statement of Operations When applicable, UST-17 shall include copies of supporting documents such as an escrow statement for the sale of real property, an auctioneer's report for property sold at auction, or a certificate of insurance or copy of debtor's bond for any change in insurance or bond coverage. | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

DEBTOR'S CERTIFICATION

I certify under penalty of perjury that (1) I have personally prepared this financial report or directly supervised its preparation, and (2) the information contained in this monthly financial report is complete, true, and accurate to the best of my knowledge, information, and belief.

BY Daniel J. Boverman

DATE: October 22, 2018

TITLE: Chief Restructuring Officer

The debtor, or trustee, if appointed, must sign the monthly financial report. Only an authorized officer may sign a financial report for a corporate debtor and only a general partner has authority to sign a financial report for a partnership debtor. Debtor's counsel may not sign a financial report for the debtor.

Case Number: 18-31646
Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-11, COMPARATIVE INCOME STATEMENT

INSTRUCTIONS: The initial report should include only business activity commencing from the petition date through the end of the month.

See Attached

| For the Month of: | MO/YR | MO/YR | MO/YR | Cumulative To Date |
|--|-------|-------|-------|--------------------|
| Revenue | | | | - |
| Less: Returns and Allowances | | | | - |
| NET REVENUE | - | - | - | - |
| Cost of Goods sold: | | | | |
| Beginning Inventory | | | | - |
| Add: Purchases | | | | - |
| Less: Ending Inventory | | | | - |
| Cost of Goods Sold | - | - | - | - |
| Additional Costs of Good Sold: | | | | |
| Direct Labor | | | | - |
| Freight In | | | | - |
| TOTAL COST OF GOOD SOLD | - | - | - | - |
| Other Operating Expenses: | | | | |
| Officers' Salaries (Gross) | | | | - |
| Other Salaries (Gross) | | | | - |
| Depreciation and Amortization | | | | - |
| Employee Benefits | | | | - |
| Payroll Taxes (Employer's portion) | | | | - |
| Insurance | | | | - |
| Rent | | | | - |
| General and Administrative | | | | - |
| TOTAL OPERATING EXPENSES | - | - | - | - |
| NET OPERATING INCOME (LOSS) | - | - | - | - |
| Add: Other Income | | | | - |
| Less: Interest Expense | | | | - |
| Less: Non-recurring items | | | | |
| Professional Fees | | | | - |
| UST Fees | | | | - |
| Other (specify) | | | | - |
| TOTAL NON-RECURRING ITEMS | - | - | - | - |
| GAIN (LOSS) ON DISPOSAL OF ASSETS | | | | - |
| NET INCOME (LOSS) BEFORE INCOME TAX | - | - | - | - |
| Income Taxes | | | | - |
| NET INCOME (LOSS) | - | - | - | - |

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-12, COMPARATIVE BALANCE SHEET

See Attached

| ASSETS | As of month ending: | MO/YR | MO/YR | MO/YR | PER SCHEDULES (i.e. Petition Date) |
|---------------------------------------|---------------------|-------|-------|-------|---------------------------------------|
| Current Assets | | | | | |
| Cash-Restricted | | | | | |
| Cash-Unrestricted | | | | | |
| TOTAL CASH | | - | - | - | - |
| Accounts Receivable | | | | | |
| Less: Allowance for Doubtful Accounts | | | | | |
| NET ACCOUNTS RECEIVABLE | | - | - | - | - |
| Notes Receivable | | | | | |
| Insider Receivables | | | | | |
| Inventory (see note below) | | | | | |
| Prepaid Expenses | | | | | |
| Other (attach list) | | | | | |
| TOTAL CURRENT ASSETS | | - | - | - | - |
| Fixed Assets | | | | | |
| Real Property/Buildings | | | | | |
| Equipment | | | | | |
| Accumulated Depreciation | | | | | |
| NET FIXED ASSETS | | - | - | - | - |
| Other Assets (attach list) | | | | | |
| TOTAL ASSETS | | - | - | - | - |
| LIABILITIES | | | | | |
| Post-Petition Liabilities | | | | | |
| Trade Accounts Payable | | | | | |
| Taxes Payable | | | | | |
| Accrued Professional Fees | | | | | |
| Notes Payable | | | | | |
| Rents and Lease payables | | | | | |
| Accrued Interest | | | | | |
| Other (specify) | | | | | |
| TOTAL POST-PETITION LIABILITIES | | - | - | - | |
| Pre-Petition Liabilities | | | | | |
| Secured Debt | | | | | |
| Priority Debt | | | | | |
| Unsecured Debt | | | | | |
| Other (attach list) | | | | | |
| TOTAL PRE-PETITION LIABILITIES | | - | - | - | - |
| TOTAL LIABILITIES | | - | - | - | - |

Method of inventory valuation (Cost, Lower of Cost or Market, FIFO, LIFO, Other): _____

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-12, COMPARATIVE BALANCE SHEET

See Attached

| EQUITY | As of month ending: | MO/YR | MO/YR | MO/YR | PER SCHEDULES (i.e. Petition Date) |
|--|----------------------------|--------------|--------------|--------------|---|
| Owners' Equity (or Deficit) | | | | | |
| Prepetition Owners' Equity | | | | | |
| Post-petition Cumulative Profit or (Loss) | | | | | |
| Direct Charges to Equity (Explain) | | | | | |
| | | | | | |
| TOTAL OWNERS' EQUITY (DEFICIT) | | - | - | - | - |
| | | | | | |
| | | | | | |
| TOTAL LIABILITIES AND OWNERS' EQUITY(DEFICIT) | | - | - | - | - |

FOOTNOTES TO BALANCE SHEET:

Case Number: 18-31646
Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

See Attached

UST-13, COMPARATIVE CASH FLOW STATEMENT

| As of month ending: | MO/YR | MO/YR | MO/YR | Cumulative Filing to Date |
|---|-------|-------|-------|------------------------------|
| NET INCOME (LOSS) | - | | | |
| ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH: | | | | |
| Depreciation and Amortization | | | | |
| (Gain) Loss on Sale of Assets | | | | |
| (Increase) Decrease in Prepaids | | | | |
| (Increase) Decrease in Receivables | | | | |
| (Increase) Decrease in Inventory | | | | |
| Increase (Decrease) in Payables | | | | |
| Increase (Decrease) in Taxes Payable | | | | |
| Increase (Decrease) in Professional Fees | | | | |
| Increase (Decrease) in Rents/Leases Pay | | | | |
| Increase (Decrease) in Accrued Interest | | | | |
| NET CASH PROVIDED BY OPERATIONS | - | | | |
| CASH FLOWS FROM INVESTING/FINANCING: | | | | |
| Purchase of Fixed Assets | | | | |
| Proceeds from Sale of Fixed Assets | | | | |
| Capital Contributions | | | | |
| Loan Proceeds | | | | |
| Loan Principal and Capital Lease Payments | | | | |
| NET INCREASE (DECREASE) IN CASH | - | | | |
| BEGINNING CASH | - | - | - | |
| ENDING CASH | | | | |

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-14, SUMMARY OF DISBURSEMENTS

INSTRUCTIONS: BEFORE COMPLETING THIS PAGE, prepare UST-14A (see next page) to include all bank accounts or other sources of the debtor's funds. The disbursement total will be used to complete this SUMMARY OF DISBURSEMENTS.

The debtor is responsible for providing accurate monthly disbursement totals for purposes of calculating its obligation pursuant to 28 U.S.C. § 1930(a)(6) to pay statutory fees to the U.S. Trustee. The disbursement total encompasses all payments made by the debtor during the reporting month, whether made directly by the debtor or by another party for the debtor. It includes checks written and cash payments for inventory and equipment purchases, payroll and related taxes and expenses, other operating costs, and debt reduction. It also includes payments made pursuant to joint check arrangements and those resulting from a sale or liquidation of the debtor's assets. The only transactions normally excluded from the disbursement total are transfers within the same reporting month between multiple debtor accounts.

The U.S. Trustee payment is due on the last day of the month following the end of each calendar quarter, or on **April 30, July 31, October 31, and January 31**, respectively. Because the amount billed is an estimate, the debtor is responsible for paying the correct statutory fee based on actual disbursements for the calendar quarter, or portion thereof while the debtor is in Chapter 11 (i.e. until the case is converted, dismissed, or closed by final decree). Failure to pay statutory fees to the U.S. Trustee is cause for conversion or dismissal of the case. A copy of the statutory fee schedule may be found in the Chapter 11 Guidelines on the U.S. Trustee's website located at:

<http://www.justice.gov/ust/r18/portland/chapter11.htm>
<http://www.justice.gov/ust/r18/eugene/chapter11.htm>

If you have any questions about how to compute the disbursement total, please call the U.S. Trustee's office:

Portland, OR (503) 326-4000
 Eugene, OR (541) 465-6330

(UST-14A, with attachments, should follow this page.)

COMPUTATION OF MONTHLY DISBURSEMENT TOTAL

| | |
|--|--|
| Total disbursements from UST-14A | |
| Cash payments not included in total above (if any) | |
| Disbursements made by third parties for the debtor (if any, explain) | |

| | | | |
|---|--------------------|--------------------------|-------------------------------------|
| TOTAL DISBURSEMENTS THIS MONTH FROM ALL SOURCES | | \$ | - |
| At the end of this reporting month, did the debtor have any <u>delinquent</u> statutory fees owing to the U.S. Trustee? | | Yes | No |
| | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| (If yes, list each quarter that is delinquent and the amount due along with an explanation) | | | |
| <u>Quarter</u> | <u>Explanation</u> | <u>Amount</u> | |
| | | | |
| | | | |
| | | | |

Debtor:

Karamanos Holdings, Inc.

Case Number:

18-31646

Report Mo/Yr:

September 2018

UST-14A - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

INSTRUCTIONS: Include all bank accounts or other source of the debtor's funds and attach supporting documents as indicated on the checklist below. Use additional sheets as necessary.

| Depository (Bank) Name Account Number Type of Account | American Plus Bank 1003 Checking | East West Bank 15003130 DIP Checking | | | TOTALS |
|---|--|--|---|---|-----------|
| Beginning Cash Balance | - | 21,484.00 | | | 21,484.00 |
| Add: | | | | | |
| Transfers in | | - | | | - |
| Receipts deposited: Verizon rent | | 2,500.00 | | | 2,500.00 |
| Other: | | | | | - |
| Total Cash Receipts | - | 2,500.00 | - | - | 2,500.00 |
| Subtract: | | | | | |
| Transfers out | - | | | | - |
| Disbursements by check or debit: Services | | | | | - |
| Cash withdrawn | | | | | - |
| Other (identify source): Bank fee | | | | | - |
| Total Cash Disbursements | - | - | - | - | - |
| Ending Cash Balance | - | 23,984.00 | - | - | 23,984.00 |

Does each account identified above include the following supporting documents, as required: Indicate **YES**, **NO** or **NOT APPLICABLE** in the boxes below.

Monthly bank statement copy
(do not include bank statement copies
with the report filed with the Bankruptcy
Court)

| | | | |
|-----|-----|--|--|
| N/A | Yes | | |
|-----|-----|--|--|

Bank reconciliation (including
outstanding checks and deposits in
transit)

| | | | |
|-----|-----|--|--|
| N/A | N/A | | |
|-----|-----|--|--|

A detailed list of receipts for the account
(deposit log or receipts journal)

| | | | |
|-----|-------|--|--|
| N/A | Above | | |
|-----|-------|--|--|

A detailed list of disbursements for the
account (check register or disbursement
journal)

| | | | |
|-----|-----|--|--|
| N/A | N/A | | |
|-----|-----|--|--|

Funds received and/or
disbursed by another party

| | | | |
|-----|-----|--|--|
| N/A | N/A | | |
|-----|-----|--|--|

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-14B, ADDITIONAL DISBURSEMENT INFORMATION

Payments on Pre-Petition Unsecured Debt (requires court approval)

Did the debtor, or another party on behalf of the debtor, make any payments during this reporting month on pre-petition unsecured debt? If "yes", complete table for each payment.

| Payee's Name | Nature of Payment | Payment Date | Amount | Date of Court Approval | Yes | No |
|--------------|-------------------|--------------|--------|------------------------|--------------------------|-------------------------------------|
| | | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Payments to Attorneys and Other Professionals (requires court approval)

Did the debtor, or another party on behalf of the debtor, make any payments during this reporting month to a professional such as an attorney, accountant, realtor, appraiser, auctioneer, business consultant, or other professional person? If "yes", complete table for each payment.

| Professional's Name | Type of Work Performed | Payment Date | Amount | Date of Court Approval | Yes | No |
|---------------------|------------------------|--------------|--------|------------------------|--------------------------|-------------------------------------|
| | | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | | | | | |
| | | | | | | |

Payments to an Officer, Director, Partner, or Other Insider of the Debtor

Did the debtor, or another party on behalf of the debtor, make any payments during this reporting month to, or for the benefit of, an officer, director, partner, member, shareholder or other insider of the debtor? If "yes", complete table for each payment.

| Payee's Name | Relationship to Debtor | Payment Date | Amount | Purpose of Payment | Yes | No |
|--------------|------------------------|--------------|--------|--------------------|--------------------------|-------------------------------------|
| | | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | | | | | | |
| | | | | | | |

INSTRUCTIONS: Use the last column to describe the purpose of each payment, such as gross wages or salary, reimbursement for business expenses, loan repayment, advance, draw, bonus, dividend, stock distribution, or other reason for the payment.

CERTIFICATION OF BANK ACCOUNTS:

The undersigned certifies under penalty of perjury that every financial account used by the debtor is accounted for in UST-14A of this report and is held in a depository included on the U.S. Trustee's list of authorized depositories. The undersigned further certifies that each such depository has been notified that the account holder is a debtor in a Chapter 11 case under the jurisdiction of the Bankruptcy Court.

BY: Daniel J. Boverman 
 TITLE: Chief Restructuring Officer

DATE: October 22, 2018

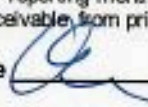
Case Number: 18-31646
Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-15, STATEMENT OF AGED RECEIVABLES

INSTRUCTIONS: Complete all portions of UST-15, STATEMENT OF AGED RECEIVABLES, unless the debtor asserts the following two statements are true for this reporting month:

- ° At the beginning of the reporting month, the debtor did not have any uncollected pre-petition or post-petition accounts receivable; and,
- ° During the reporting month, the debtor did not have any receivables activity, including the accrual of new accounts receivable, or the collection or write-off of accounts receivable from prior months.

Initial here  If the debtor asserts that both statements above are correct and then skip to UST-16, Statement of Post-Petition Payables.

Accounts Receivable Aging

NONE

| | Balance at Month End | Current Portion | Past Due 31-60 days | Past Due 61-90 days | Past Due over 90 days | Uncollectible Receivables |
|---------------|-------------------------|--------------------|------------------------|------------------------|--------------------------|------------------------------|
| Pre-petition | | | | | | |
| Post-petition | | | | | | |
| TOTALS | - | - | - | - | - | - |

Explain what efforts the debtor has made during the reporting period to collect receivables over 60 days past due.

Accounts Receivable Reconciliation

NONE

| | Post Petition | Pre-Petition | Totals |
|---------------------------------------|---------------|--------------|--------|
| Opening Balance | | | - |
| Add: Sales on account | | | - |
| Less: Payments on account | | | - |
| Less: Write-offs or other adjustments | | | - |
| Closing Balance | - | - | - |

Insider Receivable Reconciliation

NONE

| Insider Name (e.g. officer, director, partner, member, shareholder) | | | |
|--|---|---|---|
| Relationship to Debtor | | | |
| Opening Balance (if first report, use the balance on date of filing) | | | |
| Add: Current month advances | | | |
| Less: Current month payments | | | |
| Closing Balance | - | - | - |

Case Number: 18-31646
Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

**UST-16, STATEMENT OF AGED POST-PETITION PAYABLES
PART A - TRADE ACCOUNTS PAYABLE**

INSTRUCTIONS: Complete PART A - TRADE ACCOUNTS PAYABLE unless the debtor asserts that this statement is true for this reporting month:

* Except for taxes disclosed in PART B of this report, the debtor has no other unpaid post-petition payables from the current reporting month or from any prior post-petition months.

Initial here  if the debtor asserts that the statement above is correct and then skip to UST-16, Part B, Taxes.

Accounts Payable Aging

| | Balance at Month End | Current Portion | Past Due 31-60 days | Past Due 61-90 days | Past Due over 90 days |
|---------------|-------------------------|--------------------|------------------------|------------------------|--------------------------|
| Post-petition | | | | | |

1. For Accounts Payable more than 30 days past due, explain why payment has not been made.
2. Attach the debtor's accounts payable aging report.

Post-Petition Trade Accounts Payable Reconciliation

| | |
|---------------------|---|
| Opening Balance | |
| Additions: | |
| Less: Payments made | |
| Closing Balance | - |

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

**UST-16, BUSINESS STATEMENT OF AGED POST-PETITION PAYABLES
 PART B - TAXES**

CERTIFICATION: The undersigned certifies under penalty of perjury that all post-petition taxes required to be withheld or collected have been paid to the appropriate taxing authority or that a deposit for such amounts has been made into a separate bank tax account as more fully described below.

BY: _____ DATE: _____

NO EMPLOYEES

Reconciliation of Unpaid Post-Petition Taxes

| | 1 | 2 | 3 | 4 |
|---|---|--|--|--|
| Type of Tax | Unpaid Post-petition Taxes from Prior Reporting Month | Post-petition Taxes Accrued this Month (New Obligations) | Post-petition Tax Payments Made this Reporting Month | Unpaid Post-petition Taxes at End of Reporting Month (Column 1+2-3=4) |
| FEDERAL EMPLOYMENT TAXES | | | | |
| Employee Income Tax Withheld | | | | - |
| FICA/Medicare-Employee | | | | - |
| FICA/Medicare-Employer | | | | - |
| Unemployment (FUTA) | | | | - |
| STATE EMPLOYMENT TAXES | | | | |
| Employee Income Tax Withheld | | | | - |
| Unemployment (SUTA) | | | | - |
| Worker's Compensation | | | | - |
| OTHER TAXES | | | | |
| Corporate Income Tax | | | | - |
| Local City/County Tax | | | | - |
| Sales Tax | | | | - |
| Personal Property Tax | | | | - |
| Real Property Tax | | | | - |
| Other | | | | - |
| Total Unpaid Post-Petition Taxes | | | | \$ - |

Is the debtor delinquent in any tax reporting? *If yes*, provide the name of the taxing authority, a description of the report that is past due, the original report due date, any payment due, and the reason for the delinquency.

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-17 STATEMENT OF OPERATIONS

INSTRUCTIONS: Answer each question fully and attach additional sheets as necessary to provide a complete response

Question 1 - Sale of the Debtor's Assets

Did the debtor, or another party on behalf of the debtor, sell, transfer, or otherwise dispose of any of the debtor's assets during the reporting month that are out of the ordinary course of the debtor's business? If yes, attach a schedule identifying each asset, date of sale notice, method of disposition, and gross and net sale proceeds received. If real property was sold, attach a copy of the closing statement.

| Yes | No |
|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Question 2 - Financing

During the reporting month, did the debtor receive any financing, or loans from a non-insider funding source? If yes, indicate the source of the funds, date paid to debtor, dollar amount, and date of court approval.

| Source of Funds | Date Paid | Amount | Date of Court Approval | Yes | No |
|-----------------|-----------|--------|------------------------|--------------------------|-------------------------------------|
| | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Question 3 - Insider loans

During the reporting month, did the debtor receive any funds from an officer, director, partner, member, shareholder, or other insider of the debtor? If yes, indicate the source of funds, date paid to debtor, dollar amount, and date of court approval.

| Source of Funds | Date Paid | Amount | Date of Court Approval | Yes | No |
|-----------------|-----------|--------|------------------------|--------------------------|-------------------------------------|
| | | | | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Question 4 - Insurance and Bond Coverage

Did the debtor renew or replace any insurance policies during this reporting month? If yes, attach a certificate of insurance for each renewal or change in coverage.

| Yes | No |
|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Were any of the debtor's insurance policies canceled or otherwise terminated for any reason during the reporting month? If yes, explain.

| | |
|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|--------------------------|-------------------------------------|

Were any claims made during this reporting month against the debtor's bond? (Answer "No" if the debtor is not required to have a bond). If yes, explain.

| | |
|--------------------------|-------------------------------------|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> |
|--------------------------|-------------------------------------|

Question 5 - Significant Events.

Provide a narrative report of any significant events that may have an effect on the financial condition of the debtor or any events out of the ordinary course of business that are not described elsewhere in this report. Attach separate sheets as necessary.

Case Number: 18-31646
 Report Mo/Yr: September 2018

Debtor: Karamanos Holdings, Inc.

UST-17, STATEMENT OF OPERATIONS (Continued)

Question 6 - Case Progress. Explain what progress the debtor has made during the reporting month toward confirmation of a plan of reorganization.

| | Filed ? | Estimated Date To be Filed If not Filed |
|-------------------------|---------|---|
| Disclosure Statement: | | By 11/5/18 |
| Plan of Reorganization: | | By 11/5/18 |

WHERE TO FILE A MONTHLY OPERATING REPORT: Local Bankruptcy Rule 2015-2 requires the debtor to file its monthly financial report with the U.S. Bankruptcy Court.

File the original....(select only one)

For a Chapter 11 case filed in Portland, OR:

United States Bankruptcy Court
 1001 SW 5th Avenue, 7th floor
 Portland, OR 97204

For a Chapter 11 case filed in Eugene, OR:

United States Bankruptcy Court
 405 East 8th Avenue, Suite 2600
 Eugene, OR 97401

CERTIFICATION: The undersigned certifies that copies of this report and supporting documents have been served upon each of the following persons in this case: U.S. Trustee; the chairperson of each official committee of creditors or equity security holders and the attorney(s) for each such committee; the debtor and the debtor's attorney; and the trustee and the trustee's attorney, if applicable.

BY: _____

DATE: _____

TITLE: _____

PHONE NUMBER: _____

Send U.S. Trustee's copy to: (select only one)

For a Chapter 11 case filed in Portland, OR:

Office of the United States Trustee
 620 SW Main Street, Suite 213
 Portland, OR 97205

For a Chapter 11 case filed in Eugene, OR:

Office of the United States Trustee
 405 East 8th Avenue, Suite 1100
 Eugene, OR 97401

| | <u>5/31/2018</u> | <u>6/30/2018</u> | <u>7/31/2018</u> | <u>8/31/2018</u> | <u>9/30/2018</u> |
|--------------------------------------|---------------------|------------------|------------------|-------------------|-------------------|
| | <u>5/10 - 31/18</u> | <u>June</u> | <u>July</u> | <u>August</u> | <u>September</u> |
| Income Statement: UST 11 | | | | | |
| Revenue | | | | | |
| Cost of Sales | | | | | |
| Gross Profit | \$ - | \$ - | \$ - | \$ - | \$ - |
| Delivery | | | | | |
| Quality Control | | | | | |
| Distribution center | | | | | |
| Depreciation | \$ 3,136 | \$ 4,336 | \$ 4,336 | \$ 4,336 | \$ 4,336 |
| Selling and administrative | \$ 14,713 | \$ 17,235 | \$ 16,151 | \$ 26,222 | \$ 26,062 |
| (Gain) Loss on disposal of equipment | | | | | |
| SGA Expenses | \$ 17,849 | \$ 21,571 | \$ 20,487 | \$ 30,558 | \$ 30,398 |
| Interest Expense | | | | | |
| Interest Income | \$ 5,518 | \$ 7,776 | \$ 7,776 | \$ 7,776 | \$ 7,776 |
| Rental income | \$ 9,850 | \$ 13,880 | \$ 13,880 | \$ 13,880 | \$ 13,880 |
| Loss from subsidiary | | | | | |
| Other Income (Expense) | \$ 15,368 | \$ 21,656 | \$ 21,656 | \$ 21,656 | \$ 21,656 |
| NET INCOME (LOSS) | \$ (2,481) | \$ 84 | \$ 1,168 | \$ (8,903) | \$ (8,742) |

| | <u>5/10/2018</u> | <u>5/31/2018</u> | <u>6/30/2018</u> | <u>7/31/2018</u> | <u>8/31/2018</u> | <u>9/30/2018</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Balance Sheet: UST - 12 | | | | | | |
| Assets | | | | | | |
| Cash | \$ 1,785 | \$ 1,785 | \$ 4,271 | \$ 20,109 | \$ 21,484 | \$ 23,984 |
| Accounts Receivable | - | - | - | - | - | - |
| Investment in subsidiary | (16,222,825) | (16,222,825) | (16,222,825) | (16,222,825) | (16,222,825) | (16,222,825) |
| Inventory | - | - | - | - | - | - |
| Prepays | 41,908 | 27,908 | 10,908 | (4,727) | (30,949) | (57,011) |
| Fixed Assets | 1,278,762 | 1,275,626 | 1,271,290 | 1,266,954 | 1,262,618 | 1,258,282 |
| IC Receivables | 11,403,539 | 11,417,133 | 11,436,289 | 11,441,781 | 11,460,937 | 11,480,092 |
| Other Assets | - | - | - | - | - | - |
| TOTAL ASSETS | \$ (3,496,831) | \$ (3,500,373) | \$ (3,500,067) | \$ (3,498,708) | \$ (3,508,736) | \$ (3,517,478) |
| Liabilities | | | | | | |
| Accounts Payable - Post-petition | \$ - | \$ 713 | \$ 934 | \$ 1,125 | \$ (0) | \$ (0) |
| Line of Credit | - | - | - | - | - | - |
| Accrued Liabilities - Pre-petition | 7,348 | 7,348 | 7,348 | 7,348 | 7,348 | 7,348 |
| Note payable, related party - Pre-petition | 154,716 | 154,716 | 154,716 | 154,716 | 154,716 | 154,716 |
| Deferred rent - Pre-petition | 4,274 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Deferred rent, intercompany | - | - | - | - | - | - |
| Capital lease obligation | - | - | - | - | - | - |
| Long Term Debt | - | - | - | - | - | - |
| Intercompany Debt | - | - | - | - | - | - |
| Intercompany payables | 443,180 | 443,180 | 443,180 | 443,180 | 443,180 | 443,180 |
| | \$ 609,518 | \$ 608,457 | \$ 608,678 | \$ 608,869 | \$ 607,744 | \$ 607,744 |
| Equity | | | | | | |
| Common Stock | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 | 2,700 |
| APIC | 108,197 | 108,197 | 108,197 | 108,197 | 108,197 | 108,197 |
| Accumulated deficit | (4,217,246) | (4,219,727) | (4,219,642) | (4,218,474) | (4,227,377) | (4,236,119) |
| Members Interest | - | - | - | - | - | - |
| TOTAL LIABILITIES AND EQUITY | \$ (3,496,831) | \$ (3,500,373) | \$ (3,500,067) | \$ (3,498,708) | \$ (3,508,736) | \$ (3,517,478) |

| Cash Flow Statement: UST - 13 | 5/10 - 31/18 | June | Jul | Aug | Sep |
|---|---------------------|-------------|------------|------------|------------|
| Operations | | | | | |
| Net Income/(Loss) | \$ (2,481) | \$ 84 | \$ 1,168 | \$ (8,903) | \$ (8,742) |
| Adjustments | | | | | |
| Depreciation/Amortization | 3,136 | 4,336 | 4,336 | 4,336 | 4,336 |
| KHI - Non-Cash Expenses | | | | | |
| Loss/(Gain) on sale of Assets | - | - | - | - | - |
| Changes: | | | | | |
| Accounts & IC Receivables | (13,594) | (19,156) | (5,492) | (19,156) | (19,156) |
| Inventory | | | | | |
| Prepaid Expense | 14,000 | 17,000 | 15,635 | 26,222 | 26,062 |
| Accounts Payable | 713 | 221 | 191 | (1,125) | - |
| Accrued Liabilities | (1,774) | - | - | - | - |
| Net Cash Provided by Operations | - | 2,486 | 15,839 | 1,375 | 2,500 |
| Investing Activities | | | | | |
| Proceeds from Sale of Assets | - | - | - | - | - |
| Purchase of Property, Plant and Equipment | - | - | - | - | - |
| Change in Other Non-Current Asset | - | - | - | - | - |
| Net Cash Used by Investing Activities | - | - | - | - | - |
| Financing Activities | | | | | |
| Loans Payable | - | - | - | - | - |
| Distributions | - | - | - | - | - |
| Credit Line | | | | | |
| Net Cash Used by Financing Activities | - | - | - | - | - |
| Net Increase/(Decrease) in Cash | - | 2,486 | 15,839 | 1,375 | 2,500 |
| Beginning Cash Balance | 1,785 | 1,785 | 4,271 | 20,109 | 21,484 |
| Ending Cash Balance | \$ 1,785 | \$ 4,271 | \$ 20,109 | \$ 21,484 | \$ 23,984 |



9300 Flair Drive Suite 106
El Monte CA 91731

Direct inquiries to:
888 895-5650

ACCOUNT STATEMENT

Page 1 of 1

STARTING DATE: September 01, 2018

ENDING DATE: September 30, 2018

Total days in statement period: 30

0787

(0)

KARAMANOS HOLDINGS INC
CHAPTER 11 DEBTOR IN POSSESSION
CASE #18-31646
801 NE 21ST AVE
PORTLAND OR 97232-2208

Set up Direct Deposit and allow your payments to go into your account automatically. Save yourself a trip to the bank and no more waiting for paper checks. Enrolling is easy! Talk to your payer today.

Standard Business Checking

| | | | | |
|-----------------|-------------|--------------------|------|-------------|
| Account number | 0787 | Beginning balance | | \$21,484.46 |
| Low balance | \$21,484.46 | Total additions | (1) | 2,500.00 |
| Average balance | \$21,734.46 | Total subtractions | (0) | .00 |
| | | Ending balance | | \$23,984.46 |

CREDITS

| Number | Date | Transaction Description | Additions |
|--------|-------|-------------------------|-----------|
| | 09-28 | Deposit | 2,500.00 |

DAILY BALANCES

| Date | Amount | Date | Amount | Date | Amount |
|-------|-----------|-------|-----------|------|--------|
| 08-31 | 21,484.46 | 09-28 | 23,984.46 | | |

OVERDRAFT/RETURN ITEM FEES

| | Total for this period | Total year-to-date |
|--------------------------|-----------------------|--------------------|
| Total Overdraft Fees | \$0.00 | \$0.00 |
| Total Returned Item Fees | \$0.00 | \$0.00 |